

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re:	:	Chapter 11
	:	
PEGASUS SATELLITE TELEVISION, INC., et al.,	:	Case No. 04-20878
	:	
Debtors.	:	(Jointly Administered)

ORDER RELATING TO (A) MOTION FOR ORDER AUTHORIZING THE ASSUMPTION OR ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES AND (B) CROSS MOTION OF KB PRIME MEDIA LLC TO COMPEL ASSUMPTION OR REJECTION OF OPTION AGREEMENT AND CERTAIN RELATED AGREEMENTS BETWEEN PEGASUS SATELLITE COMMUNICATIONS, INC. AND KB PRIME MEDIA LLC
(Related Motions - Docket ## 1217 and 1466)

Upon consideration of the Motion For Order Authorizing the Assumption Or Assumption And Assignment Of Certain Executory Contracts and Unexpired Leases (the “Motion) and (B) Cross Motion of KB Prime Media LLC to Compel Assumption or Rejection of Option Agreement and Certain Related Agreements Between Pegasus Satellite Communications, Inc. and KB Prime Media LLC (the “Cross Motion”), and having considered all pleadings and arguments related thereto; and it appearing that the relief requested in the Motion with respect to certain executory contracts and unexpired leases as set for the below is in the best interests of the Reorganized Debtors, their estates and creditors; and good and sufficient cause appearing therefore; it is hereby

ORDERED as follows:

1. The Cross Motion is denied.

2. The Reorganized Debtors are authorized to assume, pursuant to § 365(a) of the Bankruptcy Code, the following executory contracts and unexpired leases (the “KB Assumed Contracts”):

	Contract Party	Debtor Party/Station	Contract	Contract Date	Cure Amount
1.	KB Prime Media LLC	B.T. Satellite, Inc. (Pegasus Broadcast Television, Inc.)	Lease Agreement (WPME)	2/1/2001	\$ 0.00
2.	KB Prime Media LLC	B.T. Satellite, Inc. (Pegasus Broadcast Television, Inc.)	Time Brokerage Agreement (WPME)	1/29/1996	\$1,404.33
3.	KB Prime Media LLC	Pegasus Broadcast Television, Inc.	Joint Sales Agreement (WTLF-DT)	3/31/2003	\$ 722.07
4.	KB Prime Media LLC	Pegasus Broadcast Television, Inc.	Lease Agreement (WOLF)	10/11/1998	\$ 0.00
5.	KB Prime Media LLC	Pegasus Broadcast Television, Inc.	Lease and Administrative Services Agreement (WTLF-DT)	3/31/2003	\$ 0.00
6.	KB Prime Media LLC	Pegasus Broadcast Television, Inc.	Time Brokerage Agreement (WSWB)	6/26/1997	\$1,238.33
7.	KB Prime Media LLC	Pegasus Satellite Communications, Inc.	Asset Purchase Agreement (Hammond)	4/7/2004	\$0.00
8.	KB Prime Media LLC ¹	Pegasus Satellite Communications, Inc.	Option Agreement (as amended)	4/14/1998	\$0.00

3. Except to the extent set forth in ¶2 above, no monetary or other defaults exist under the KB Assumed Contracts. To the extent not already paid, the Cure Amounts identified in ¶2 above shall be paid within twenty (20) days of the entry of this Order.

4. At the closing of the sale of the asset purchase agreement (the “Hammond Purchase Agreement”) identified as contract #7 in ¶2 above, (a) the Reorganized Debtors be and hereby are authorized to satisfy a portion of the purchase price to be paid to KB Prime Media LLC (“KB Prime”) by crediting and setting-off the Net Sale Proceeds against the Wachovia

¹ In addition to KB Prime, W.W. Keen Butcher, Guyan Turner, KB Communications Corporation and Channel 24 Corporation are parties to the original Option Agreement dated as of April 14, 1998.

Loans owed by W.W. Keen Butcher (“Butcher”) and Guyan Turner (“Turner”) and (b) KB Prime, Butcher and Turner are hereby ordered and directed to accept such credit and set-off in partial satisfaction of the purchase price due under the Hammond Purchase Agreement.

5. In the event the Reorganized Debtors seek to exercise an option to purchase any assets pursuant to the Option Agreement identified as Contract #8 in ¶2 above, at the time of the closing of the asset purchase agreement relating to such purchase, (a) the Reorganized Debtors, or its assignee if such asset purchase agreement has been assigned, be and hereby are authorized to satisfy a portion of the purchase price to be paid to KB Prime by crediting and setting-off the Net Sale Proceeds against the Wachovia Loans owed by Butcher and Turner and (b) KB Prime, Butcher and Turner are hereby ordered and directed to accept such credit and set-off in partial satisfaction of the purchase price due under any such asset purchase agreement.

6. The Bankruptcy Court shall retain exclusive jurisdiction with respect to all matters and disputes related to or arising from this order and the KB Assumed Contracts including, but not limited to, the enforcement of this order and the KB Assumed Contracts and the assignment of any of the KB Assumed Contracts pursuant to §365 of the Bankruptcy Court.

Dated: Portland, Maine
June29, 2005

/s/ James B. Haines, Jr.
UNITED STATES BANKRUPTCY JUDGE